

Message Text

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ACTION EB-06

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C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 24775

EXCON

E.O. 11652: XGDS1

TAGS: ESTC, COCOM

SUBJECT: REVIEW OF IL 1565 - COMPUTERS

REF: A. COCOM DOC. REV (71) 1565/15

B. OECD PARIS 24617

SUMMARY: THIS MESSAGE CONTINUES REPORTING OF THURSDAY, OCTOBER 17 SESSION STARTED IN REF B AND SUMMARIZES FRIDAY, OCTOBER 18 DISCUSSION OF UK WORKING PAPERS, SUGGESTED NOTES 8 AND 9, DEALING SEPARATELY WITH EQUIPMENT EXPORTS (EITHER OEM OR SUPPORT FOR RELATED TECHNOLOGY TRANSACTIONS) AND EXPORTS OF TECHNOLOGY FOR COMPUTER-RELATED PRODUCTION IN PROSCRIBED COUNTRIES. MEETING ENDED WITH AGREEMENT TO RESUME DISCUSSION OF REF A DECEMBER 11, 12, AND 13. ACTION REQUESTED: CONSIDERATION OF POSITIONS OF OTHER MEMBERS AND FORMULATION OF REVISED PROPOSAL TAKING THEM INTO ACCOUNT. WHERE COMPROMISE MAY BE IMPOSSIBLE, PROVISION OF DETAILED JUSTIFICATIONS RELATING TO STRATEGIC APPLICATIONS OF EQUIPMENT CONCERNED AND LEVELS OF "BLOC" CAPABILITIES WILL ALSO BE NECESSARY TO ACHIEVE AGREEMENT. END SUMMARY.

1. IT WAS NOT POSSIBLE TO COMPLETE REPORTING OF OCTOBER 17 SESSION IN REF B. PARAS 2 TO 5 BELOW WRAP UP THIS
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PORTION.

2. ON REF A, NOTE 6, FRENCH DEL RAISED ISSUE ON EMBARGO STATUS OF "FLOPPY" DISC DRIVES. AFTER EXTENDED DISCUSSION WITH US DEL DURING WHICH FRENCH DEL REFERENCED PREVIOUS US STATEMENTS (COCOM DOC. REV (68) 1572/5 PAR. 38) AND US DEL NOTED CLARIFYING STATEMENT (SAME DOC. PAR. 41, FRENCH DEL PLACED A CLARIFYING STATEMENT IN RECORD. (COMMENT: DRAFT RECORD OF DISCUSSION SHOULD BE CHECKED TO SEE IF US CAN ACCEPT STATEMENT.) ALL DELS ACCEPTED US PROPOSAL, FRENCH DEL HAD GENERAL RESERVE. ON PART (B), THE NETHERLANDS DEL HAD DIFFICULTIES IN DETERMINING WHAT TAPE DRIVES WERE EMBARGOED, REFERENCED THEIR L974 LR PROPOSAL ON 1572, AND RESERVED. FRENCH DEL RESERVED BUT COULD ACCEPT US PROPOSAL IF STATEMENT MENTIONED ABOVE IN RECORD APPLIED ALSO TO THIS PART. CANADIAN DEL ACCEPTED US POSITION AND JAPANESE DEL WAS OPEN-MINDED. OTHER DELS RESERVED SYMPATHETICALLY FOR FURTHER STUDY. ON PART (C), FRENCH DEL COULD ACCEPT WITH TWO YEAR VALIDITY CLAUSE. OTHER DELS COULD ACCEPT EITHER FRENCH OR US PROPOSALS, NETHERLANDS DEL WAS OPEN-MINDED.

3. UKDEL THEN INTERVENED TO POINT OUT THAT HIS DELEGATION HAD RECEIVED INSTRUCTIONS TO SUGGEST DIVISION OF US NOTE 8, WHICH COMBINED OEM AND TECHNOLOGY EXPORTS, INTO TWO SEPARATE NOTES. HE ASKED COMMITTEE'S INDULGENCE TO DELAY CONSIDERATION OF REF A NOTES 7 AND 8 UNTIL UK EXPERTS HAD A CHANCE TO DRAFT THE REQUISITE REPLACEMENTS FOR NOTE 8. COMMITTEE AGREED AND JUDD AND ISLES OF DEPARTMENT OF INDUSTRY AND SMITH OF ICL, WITHDREW TO DO THIS. THEIR DRAFT WORKING PAPER WAS CIRCULATED TO COMMITTEE JUST AT CLOSE OF THURSDAY SESSION.

4. IN ORDER TO UTILIZE BALANCE OF AFTERNOON, AND IN VIEW OF REITERATED JAPANESE DESIRE TO RESOLVE INsofar AS POSSIBLE MECHANISM FOR RELAXATION FOR CALCULATORS AND VERY SMALL COMPUTERS, COMMITTEE RETURNED TO DISCUSSION OF ITALIAN WORKING PAPER (SEE PARA 1, OECD PARIS 24357). JAPANESE STATED ON INSTRUCTIONS FROM TOKYO THAT GOJ PLACED GREAT STORE IN RELEASING THIS TYPE OF EQUIPMENT, CONFIDENTIAL

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AND WANTED IT AS A NOTE FOR ADMINISTRATIVE PURPOSES AND TO BE RESOLVED AS PART OF THE 1971 LR ON 1565. NETHERLANDS DEL SUGGESTED NOTE AND INTERPRETATIVE NOTE TO LIST EQUIPMENT. US DEL SUGGEST USING HEADING IN US PROPOSAL COCOM DOC. REV (71) 1565/6 AND ITS GENERAL APPROACH FOLLOWING NETHERLANDS SUGGESTION. OTHERS COULD ACCEPT US HEADING AND FORM WITH SUBSTANCE OF ITALIAN

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PROPOSAL. US DEL AGREED BILATERALLY WITH ITALIAN DEL TO PREPARE HEADING AND CONDITIONS AND ITALIANS TO PREPARE BODY. FRENCH DEL RAISED ISSUE OF EMBARGO STATUS OF OCR AND MICR EQUIPMENT AND REFERENCE DISCUSSION IN 1971 ON US PROPOSAL ON MAGNETIC TAPE TYPEWRITERS. JAPANESE DEL RAISED QUESTION THAT IF US HEADING WERE ACCEPTED, WOULD IMPORT CERTIFICATES BE REQUIRED BY US FOR SHIPMENTS TO US. US DEL SAID HE WOULD REFER QUESTION TO HIS AUTHORITIES. COMMENT: US LICENSING AUTHORITIES SHOULD PREPARE ANSWER TO JAPANESE QUESTION IN TERMS OF POSSIBLE FORMS OF HEADING FOR SUCH A NOTE.

5. NETHERLANDS SUGGESTED THAT AFTER NOTE 7, THAT QUOTE (SEE ADMINISTRATIVE PRINCIPLE 5) UNQUOTE BE ADDED. NO DEL POSITIONS RECORDED. COMMENT: US AUTHORITIES SHOULD CHECK TO SEE IF ABOVE ADDITION WOULD LIMIT TECHNOLOGY COVERAGE OF NOTE 7.

6. ON OCTOBER 18 DISCUSSION TURNED TO UK WORKING PAPERS DIVIDING THE US PROPOSED NOTE 8 INTO TWO NOTES 8 AND 9. THE FIRST NOTE TO DEAL WITH EXPORTS OF PHYSICAL EQUIPMENT AND THE SECOND TO DEAL WITH EXPORTS OF TECHNOLOGY (INFORMATION). UK DEL STATED THAT THEY COULD GENERALLY ACCEPT PARAMETERS IN US PROPOSAL BUT SOME ADMINISTRATIVE AREAS WERE IN DISPUTE AND WERE ONLY IN-

CLUDED FOR DISCUSSION. THEY EXPECTED TO ASK FOR HIGHER
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EQUIPMENT PARAMETERS IN THE 1974 LR ON 1565. US STATED
THEY HAD A GENERAL RESERVE ON UK WORKING PAPER BUT WOULD
COMMENT ON SPECIFIC POINTS DURING DISCUSSIONS. ALL
DELS EITHER AGREED TO UK APPROACH OR WERE SYMPATHETIC TO
SUGGESTED CHANGES. DISCUSSION EXTREMELY DETAILED AND
WITHOUT UK WORKING PAPERS AVAILABLE IN WASHINGTON, ANY
REPORTING WILL BE INCOMPREHENSIBLE. REFER TO FINKLER'S
NOTES, POUCHED DOCUMENTS, AND RECORD OF DISCUSSION FOR
DETAILS. MAJOR ISSUES RAISED INCLUDED NETHERLANDS DE-
SIRE TO CONSIDER SMALL PROCESS CONTROL COMPUTER UNDER
OEM NOTE, FRENCH CONTINUED RESERVE ON SIGNED END-USE
STATEMENTS AND OTHER SECURITY CONDITIONS AND CONTINUING
DIFFERENCES ON USE OF "NON-STRATEGIC" VERSUS "CIVIL" IN
SECURITY CONDITIONS. AT ONE POINT, UK DEL INDICATED THAT
THERE WERE TWO POSSIBLE PHRASES THAT COULD BE USED IN
SECURITY CONDITIONS, EITHER "PRIMARILY USED IN CIVIL
APPLICATIONS" OR "USED IN NON-STRATEGIC APPLICATIONS."
UK INDICATED THAT THEY WERE WILLING TO EMBARGO ANYTHING
THAT WAS USED IN STRATEGIC APPLICATIONS BUT COULD NOT
ACCEPT "CIVIL." SIMILAR SITUATION EXISTS FOR CANADIANS.
ANOTHER ISSUE WAS LACK OF QUANTITY LIMITATIONS ON OEM
EQUIPMENT EXPORTS IN UK WORKING PAPER.

7. PRIVATELY, UK INDUSTRIAL REPRESENTATIVE INDICATED
THAT THERE HAD BEEN SOME CONVERSATIONS BETWEEN GERMAN,
FRENCH AND UK DELEGATIONS ON US PROPOSAL. UK AND GERMAN
DELS HAD TRIED TO CONVINCE FRENCH DEL THAT THEY HAD
MORE TO LOSE IN NOT ACCEPTING US PROPOSALS ON SECURITY
CONDITIONS THAN THEY HAD TO GAIN FROM EASIER CONDITIONS.
HOWEVER, THEY COULD NOT GET FRENCH TO MOVE FROM OBJECTION
TO US CONDITIONS. BUT UK INDUSTRIAL REPRESENTATIVE FELT
THAT THIS HAD NEVER BEEN TAKEN UP IN FRENCH GOVERNMENT
AND WAS ONLY POSITION OF FRENCH DEL. ALSO JAPANESE ONLY
WEAKLY SUPPORT FRENCH POSITION DURING DISCUSSIONS WHICH
PROBABLY UNDERCUT FRENCH. THEREFORE, FRENCH DEL MAY MOVE
FROM THIS POSITION BEFORE LR OVER.

8. AFTER COMPLETION OF DISCUSSION ON UK WORKING PAPERS,
CHAIRMAN RESTATED COMMITTEE'S AGREEMENT TO RESUME DIS-
CUSSION OF REF A, AND SUGGESTED AMENDMENTS, DECEMBER 11,
12, AND 13, I.E., AFTER PRESENTLY SCHEDULED ITEMS OF 74
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LR. AS NOTED FROM THIS AND PREVIOUS MESSAGES, SEVERAL DELEGATIONS INDICATED THEY WOULD WISH TO SEE FURTHER PARAMETER CHANGES "IN 74 LR", BUT NO DELEGATION MADE CLEAR WHAT THEY MEANT THEREBY. WE COULD THEREFORE FORESEE SUBMISSION BY SOME DELS OF FURTHER PROPOSALS ON 1565 TO BE DEALT WITH DURING SECOND ROUND OF 74 LR. IN THIS CONNECTION, UKDEL WAS INSISTENT THAT COMMITTEE CONTINUE TO ATTEMPT TO RESOLVE COMPUTER CONTROLS WITHIN CONTEXT OF 71 LR, AND THAT REVISED DEFINITION SHOULD COME INTO FORCE PROMPTLY THEREAFTER. AT THIS POINT JAPANESE DEL DREW ATTENTION TO TIME-LIMITS IMPOSED BY UKDEL LAST DECEMBER ON EXTENSION OF EAST ACCESS PROCEDURE TO PRC. WHILE UNABLE TO RESPOND DEFINITELY, UKDEL INDICATED HMG WOULD BE PREPARED TO EXTEND THIS LIMIT UNTIL 71 LR IS CONCLUDED.

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9. FINAL ACT OF FRIDAY'S DISCUSSION WAS STATEMENT BY UK DEL DRAWING ATTENTION TO FACT THAT DISCUSSION ON REF A SO FAR HAD BEEN QUITE SHARP AND BROUGHT OUT MANY AREAS IN WHICH OTHER MEMBERS DISAGREED WITH DETAILS OF US PROPOSAL. THIS WAS NOT STRANGE, SINCE COMMITTEE SPENT LITTLE TIME TALKING ABOUT AREAS OF AGREEMENT. HE UNDERLINED APPRECIATION OF HMG, AND HE FELT SURE, OTHER DELS, FOR NEW AND PROMISING APPROACH IN REF A AND CONGRAT-

ULATED DR. FINKLER AND ASSOCIATES FOR THE IMPORTANT CONTRIBUTIONS HE HAD MADE. HE LOOKED FORWARD TO DECEMBER MEETINGS WHEN IT SHOULD BE POSSIBLE TO ARRIVE AT A MUTUALLY AGREEABLE REVISION.

10. USDEL COMMENT: AS IS CLEAR FROM PARA 7 ABOVE AND ELSEWHERE IN PREVIOUS MESSAGES IN THIS SERIES, THE 1565 REVIEW WAS CHARACTERIZED BY MORE COORDINATION OF NATIONAL POSITIONS THAN PREVIOUSLY. OBVIOUSLY, THE ESTABLISHMENT OF THE CII/SIEMENS/PHILLIPS COOPERATION IN UNIDATA IS A FACTOR, BUT THE UK/GERMAN/FRENCH DISCUSSIONS ARE ALSO SIGNIFICANT. COMMERCIAL CONSIDERATIONS ALWAYS STRONG, ARE IN THE ASCENDANT. THIS NEW CONSTELLATION OF INTERESTS HAS ALSO MEANT THAT VARIOUS DELEGATIONS ARE SUPPORTING EACH OTHER'S POSITIONS MORE ACTIVELY. THESE ARE FACTORS WHICH THE US WILL HAVE TO TAKE INTO SUBSTANTIVELY AND TACTICALLY.
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11. ACTION REQUESTED: EARLY FORMULATION OF REVISED US PROPOSAL TAKING ACCOUNT OF COUNTER-PROPOSALS AND AMENDMENTS MADE DURING COURSE OF LAST WEEK BY OTHER DELS. ESPECIALLY WHERE COMPROMISE MAY BE IMPOSSIBLE, IT WILL BE NECESSARY TO SUPPORT OUR REVISED POSITION WITH DETAILED JUSTIFICATION FOR THAT POSITION RELATING TO STRATEGIC APPLICATIONS OF THE EQUIPMENT CONCERNED AND THE LEVEL OF SOVBLOC AND CPR CAPABILITIES.
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